

*Instrument prepared by:***VIRGINIA GAS AND OIL BOARD***Order recorded under:***CODE OF VIRGINIA
§ 45.1-361.26****BEFORE THE VIRGINIA GAS AND OIL BOARD**

RELIEF SOUGHT: An Order for Disbursement of Escrowed Funds
(and Authorization for Direct Payment of Royalties)

JURISDICTION: *Code of Virginia* § 45.1-351, (et seq) AND § 45.1-361.22 (et seq)

UNIT/WELL NAME: AX-116
TRACT(S): Tract 2
LOCATION: Russell County, Virginia

DOCKET NUMBER: VGOB-01-0918-0920-01

APPLICANTS: CNX Gas Company on behalf of Swords Creek Land Partnership, Beulah Brown, Ralph Reedy and Ella Cook

HEARING DATE AND LOCATION: Russell County Government Center, Lebanon, Virginia
February 21, 2012

APPEARANCES: Mark Swartz, representing CNX Gas Company and, Sharon Pigeon, Sr. Assistant Attorney General representing the Board..

PRIOR PROCEEDINGS:

1. Original Pooling Order Executed 01/09/02, Recorded on 01/10/02, Book 544, Page 604
2. Supplemental Order Executed 02/19/03, Recorded on 02/25/03, Book 576, Page 026

NOTICE:

The Unit Operator gave notice to the Applicants that the Board would consider its disbursement petition at the February 21, 2012 hearing and consider whether to:

(1) Amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to a portion of Tract 2 identified in the attached miscellaneous petition.

(2) Delete the requirement that the Unit Operator place future royalties attributable to Tract 2 relative to the interests of the Applicants identified in the attached miscellaneous petition.

(3) CONTINUE the escrow account under this docket number.

FINDINGS: *Code of Virginia* § 45.1-361.22

Applicant has certified and represented to the Board that:

1. The owner of the coal estate for Tract 2 is Swords Creek Land Partnership for the subject drilling unit.

- The owner of the gas estate for Tract 2 is Brown, Ralph Reedy and Ella Cook for the subject drilling unit.
- The conflict was resolved by a royalty split agreement by Swords Creek Land Partnership and Brown, Ralph Reedy and Ella Cook (50/50) and entered in testimony at the hearing as shown in Table 1 below.

RELIEF GRANTED:

VGOB Approved Disbursement Unit AX-116 VGOB-01-0918-0920-01 Table 1 A portion of Tract 2			Fractional Ownership in Tract	Net Acreage Ownership in Tract	Royalty Split Agreement	Escrowed Acres Disbursed	Percent of Escrowed Funds Disbursed
(Item)	Tract	Disbursement Table					
		Total acreage in escrow before disbursement				0.0620	
	2	Tract 2 (total acreage)	0.0900				
	2						
1	2	Bessie Brown	1/26	0.0035	50.0%	0.0017	2.7916%
2	2	Ralph Reedy	1/52	0.0035	50.0%	0.0009	1.3958%
3	2	Ella Ruth Cook	1/52	0.0017	50.0%	0.0009	1.3958%
4	2.000	Swords Creek Land Partnership (coal)	3/52	0.009	50.000	0.4327	5.5831%

- The Escrow Agent is ordered, to within ten (10) days of receipt of this executed order, disburse funds for the unit and applicants detailed in Table 1.
- The Escrow Agent is ordered to **CONTINUE** the Escrow Account for the Subject Drilling unit based on the attached Revised Exhibit E which replaces all prior Exhibit E's recorded for the Subject Drilling Unit.

CONCLUSION:

Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and **IT IS SO ORDERED.**


APPEALS:

Appeals of this Order are governed by the provisions of the *Code of Virginia* § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

Effective Date:

This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 31 day of May, 2012, by a majority of the Virginia Gas and Oil Board.



 Bradley C. Lambert, Chairman
 Virginia Gas and Oil Board

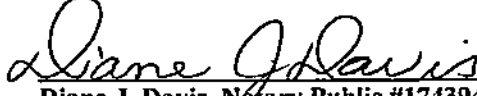
DONE AND PERFORMED this 31ST day of MAY, 2012 BY Order of the Virginia Gas and Oil Board.



 Rick Cooper, Principal Executive to the Staff
 Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA
 COUNTY OF RUSSELL)

Acknowledged on this 31 day of May, 2012, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley C. Lambert, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oil Board and Rick Cooper, being duly sworn did depose and say that he is Acting Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed the same and were authorized to do so.



 Diane J. Davis, Notary Public #174394

My commission expires: 09/30/2013



BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 01-0918-0920-01

RELIEF SOUGHT: (1) DISBURSEMENT FROM
ESCROW REGARDING TRACT(S) 2
(2) AND AUTHORIZATION FOR DIRECT
PAYMENT OF ROYALTIES

HEARING DATE: February 21, 2012

DRILLING UNIT: AX-116

RUSSELL COUNTY, VIRGINIA

MISCELLANEOUS PETITION

1. Petitioner and its counsel: Petitioner is CNX Gas Company LLC, 2481 John Nash Boulevard, Bluefield, West Virginia 24701, 304/323-6500. Petitioner's counsel is Mark A. Swartz, **SWARTZ LAW OFFICES, PLLC.**, 601 Sixth Avenue, Suite 201, P.O. Box 1808, St. Albans, WV 25177-1808.

2. Relief sought: (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to Tract(s) 2 as depicted upon the annexed Exhibit A-1; and (2) authorization to begin paying royalties directly to the parties to the royalty split between Swords Creek Land Partnership and Frances O. Brown, Beulah Brown, Ralph Reedy & Ella Ruth Cook

3. Legal Authority: Va. Code Ann. § 45.1-361.1 et seq., 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.

4. Type of well(s): Coalbed methane.

5. Factual basis for relief requested Swords Creek Land Partnership and Frances O. Brown, Beulah Brown, Ralph Reedy & Ella Ruth Cook have entered into royalty split agreement(s). Said royalty split agreement allows the Applicant and Designated Operator to pay royalties directly to the persons identified in Exhibit EE annexed hereto and the annexed Exhibit A-1, further, specifies how said royalties are to be divided and paid.

6. Attestation: The foregoing Petition to the best of my knowledge, information, and belief is true and correct.

CNX GAS COMPANY LLC
BY ITS PROFESSIONAL MANAGER
CNX GAS COMPANY LLC, PETITIONER

By: 

Anita D. Duty
Pooling Supervisor
CNX Land Resources Inc.
2481 John Nash Blvd.
Bluefield, West Virginia 24701

Exhibit E
Unit AX-116
Docket #VGOB 01-0918-0920-01
List of Conflicting Owners/Claimants that require escrow

	Acres in Unit	Interest in Unit
<u>Tract #2, 0.09 acres</u>		
<u>COAL OWNERSHIP</u>		
(1) Swords Creek Land Partnership (Tr. 17 - M. P. Whited 72.53 Acre Tract) P.O. Box 29 Tazewell, VA 24651	0.09 acres	0.1533%
<u>OIL & GAS OWNERSHIP</u>		
(1) Jeraldine Whited et al. (M.P. Whited et ux. Heirs, Devisees, Successors or Assigns)	0.09 acres	0.1533%
(b) Pauline & Manuel McPherson Heirs, Devisees, Successors or Assigns		
(b.1) Roger McPherson P.O. Box 1222 Wise, VA 24293	0.002 acres 1/52 of 0.09 acres	0.0029%
(c) Audrey Franklin 146 Johnson Street Weber City, VA 24290	0.002 acres 1/52 of 0.09 acres	0.0029%
(d) Eveline Whited & John Franklin Heirs, Devisees, Successors or Assigns		
(d.1) John Glen Franklin 250 Click Town Road Church Hill, TN 37642	0.002 acres 1/52 of 0.09 acres	0.0029%
(e) Roby & Naomi Whited Heirs, Devisees, Successors or Assigns		
(e.1) Linkous Whited Rt.2 Box 100 Honaker, VA	0.007 acres 1/13 of 0.09 acres	0.0118%
(e.2) McKinley Whited P.O. Box 1079 Raven, VA 24639	0.007 acres 1/13 of 0.09 acres	0.0118%
(e.3) Virginia Phipps HCR 63 Box 53 Jewell Ridge, VA 24622	0.007 acres 1/13 of 0.09 acres	0.0118%
(e.4) Hubert Whited 3120 St. RL98 Bucyrus, OH 44820	0.007 acres 1/13 of 0.09 acres	0.0118%
(f) Thelma Whited Heirs, Devisees, Successors or Assigns <i>Verified verbally that she is deceased without children, confirmation forthcoming.</i>	0.002 acres 1/52 of 0.09 acres	0.0029%

Exhibit E
Unit AX-116
Docket #VGOB 01-0918-0920-01
List of Conflicting Owners/Claimants that require escrow

BOOK - 749 PAGE 6458

	Acres in Unit	Interest in Unit
(g) Lucy Whited & W.H. Brown Heirs, Devisees, Successors or Assigns		
(g.1) Kyle Brown Heirs, Devisees, Successors or Assigns		
(g.1.1) Frances O. Brown 39 Jamison Drive Swords Creek, VA 24649	0.003 acres 1/26 of 0.09 acres	0.0059%
(g.4) Idinia Perkins, Heirs, Devisees Successors or Assigns		
(g.4.1) Joann Squires 652 South Main Street Mansfield, OH 44907	0.001 acres 1/104 of 0.09 acres	0.0015%
(g.4.2) Bonnie Rugh Hoskins 2206 North Bowman Street Mansfield, OH 44903	0.001 acres 1/104 of 0.09 acres	0.0015%
(g.4.3) Ronald Perkins 1003 N. Trimble Rd. Mansfield, OH 44906	0.001 acres 1/104 of 0.09 acres	0.0015%
(g.4.4) Donnie Perkins 1003 North Trimble Road Mansfield, OH 44906	0.001 acres 1/104 of 0.09 acres	0.0015%
(h) Charley Whited Address Unknown	0.007 acres 1/13 of 0.09 acres	0.0118%
(i) H.C. Bostic Coal Company P.O. Box 220 Swords Creek, VA 24649	0.007 acres 1/13 of 0.09 acres	0.0118%

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Exhibit EE
Unit AX-116
Docket #VGOB 01-0918-0920-01
List of Conflicting Owners/Claimants with Royalty Split Agreements
(58.70 Acre Unit)

	Acres in Unit	Interest in Unit	Percent of Escrow
<u>Tract #2, 0.09 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Swords Creek Land Partnership (Tr. 17 - M. P. Whited 72.53 Acre Tract) P.O. Box 29 Tazewell, VA 24651	0.09 acres	0.1533%	5.5831%
<u>OIL & GAS OWNERSHIP</u>			
(1) Jeraldine Whited, et al. (M.P. Whited et ux. Heirs, Devisees, Successors or Assigns)	0.09 acres	0.1533%	
(a) Jeraldine Whited 4881 Lynn Springs Road Swords Creek, VA 24649	0.028 acres 4/13 of 0.09 acres	0.0472%	n/a
(g) Lucy Whited & W.H. Brown Heirs, Devisees, Successors or Assigns			
(g.2) Beulah Brown 4723 Lynn Springs Road Swords Creek, VA 24649	0.003 acres 1/26 of 0.09 acres	0.0059%	2.7916%
(g.3) Ada Reedy Heirs, Devisees, Successors or Assigns			
(g.3.1) Ralph Reedy PO Box 330 Davin, WV 25617	0.002 acres 1/52 of 0.09 acres	0.0029%	1.3958%
(g.3.2) Ella Ruth Cook PO Box 71 Cyclone, WV 24827	0.002 acres 1/52 of 0.09 acres	0.0029%	1.3958%

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Exhibit A-1
Tract-by-Tract Escrow Calculation
Account Balances as of 12/31/11

BOOK - 749 PAGE 0463

Unit AX-116
 VGOB 01-0918-0920-01
 Acres Escrowed: 0.062000

Owners	Tract #	Acres	Owner Acres	Interest	Owners' Percent of Escrow (50%)	Amount Due Owners \$313.23
Swords Creek Land Partnership - Coal	2	0.062000			5.5831%	\$17.49
Jeraldine Whited, et al- O&G		0.09				
Beulah Brown			0.003	1/26	2.7916%	\$8.74
Ralph Reedy			0.002	1/52	1.3958%	\$4.37
Ella Ruth Cook			0.002	1/52	1.3958%	\$4.37

Wells contributing to the escrow account:

AX116 & AX116A

PROPERTY LINES SHOWN WERE TAKEN FROM MAPS
PROVIDED BY CONSOL Inc. AND WERE NOT SURVEYED.

N 303,649.10
E 993,302.87

N 303,591.70
E 994,901.35

CBM-BGP-AX116

58.7 ACRE UNIT

N 302,050.33
E 993,245.45

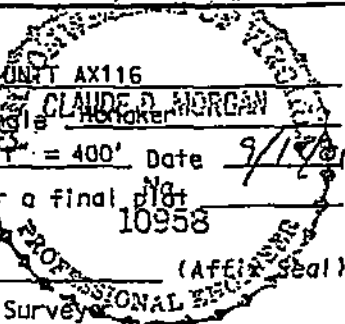
N 301,992.92
E 994,843.93

EXHIBIT A
MIDDLE RIDGE 1 FIELD
UNIT AX-116
FORCE POOLING
VGOB-01-0918-0920

Company Pocahontas Gas Partnership Well Name and Number UNIT AX116
Tract No. _____ Elevation _____ Quadrangle CLAUDE D. MORGAN
County Russell District New Garden Scale: 1" = 400' Date 9/18/01
This plat is a new plat X ; an updated plat _____ ; or a final plat 10958

Form DGO-GO-7
Rev. 9/91

Claude D. Morgan
Licensed Professional Engineer or Licensed Land Surveyor



POCAHONTAS GAS PARTNERSHIP

CBM-PGP-AX-116

Tract Identifications

(58.7 Acre Unit)

1. Buckhorn Coal Mining - Tr. 7 - Fee
 Consolidation Coal Company - Below Drainage Coal Leased
 Sandy Ridge Energy Company - Above Drainage Coal Leased Except Kennedy Seam
 H. C. Bostic Coal Company - Kennedy Seam Leased
 Pocahontas Gas Partnership - CBM Leased
 Reserve Coal Properties Company - Oil & Gas Leased
 58.61 acres 99.8467 %

2. Swords Creek Land Partnership - Tr. 17 - Coal
 Reserve Coal Properties Company - Below Tiller Coal Leased
 Sandy Ridge Energy Company - Tiller and Above Coal Leased
 Pocahontas Gas Partnership - CBM Leased
 M. P. White Hairs, Devises, Successors or Assigns - Surface, Oil & Gas
 0.09 acres 0.1533 %

1201362

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT OF RUSSELL COUNTY, 6-27-, 2012. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 1:23 o'clock P M, after payment of \$ tax imposed by Sec. 58.1-802.

Original returned this date to: Diana Davis

TESTE: ANN S. McREYNOLDS, CLERK

BY: Kendra Cook D. CLERK